

Message Text

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ACTION EUR-25

INFO OCT-01 NEA-14 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

CIAE-00 COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 FEA-02 INT-08 SWF-02 AGR-20 TAR-02

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USMISSION OECD PARIS

AMEMBASSY TEHRAN

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TAGS: PFOR, ENRG, DA, EC

SUBJ: DANISH COMMERICAL MISSION TO IRAN

REF: COPENHAGEN 1954 (NOTAL)

BEGIN SUMMARY. AT THE END OF JULY, DANES SENT
A MIXED GOVERNMENT/INDUSTRY MISSION TO IRAN
TO INVESTIGATE EXPORT AND JOINT-VENTURE OPPOR-
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TUNITIES. THEY RETURNED ENCOURAGED BY PROSPECTS

AND WILL PUSH THEIR EFFORTS AS ONE OF THE LARGEST EXHIBITORS AT TEHRAN FAIR IN MID-SEPTEMBER WHICH WILL BE ATTENDED BY HIGH-RANKING DANISH DELEGATION. AT THAT TIME, DANISH-IRANIAN COOPERATION AGREEMENT IS EXPECTED TO BE SIGNED. IRANIANS ALSO AGREED TO NEGOTIATE A GOVERNMENT LOAN WHICH DANES HOPE WILL BE IN DOLS 200-300 MILLION RANGE. IRANIANS ALSO INDICATED MILD INTEREST IN PARTICIPATION IN GREENLAND OFF-SHORE OIL EXPLORATION. END SUMMARY.

1. A DANISH "FACT FINDING" MISSION RETURNED AUGUST 2 FROM A WEEK-LONG VISIT TO IRAN, WHICH INCLUDED TWO DAYS OF TALKS WITH IRANIAN GOVERNMENT OFFICIALS. MISSION WAS COMPRISED OF HIGH-RANKING DANISH GOVERNMENT, TRADE AND INDUSTRY OFFICIALS, HEADED BY FONOFF DEPUTY UNDER SECRETARY HARHOFF. OBJECTIVES WERE TO INVESTIGATE POSSIBILITIES FOR EXPANSION OF EXPORTS TO AND INVESTMENTS IN IRAN OR, AS SOME OF THE PRESS PUT IT, "TO GET BACK SOME OF OUR OIL MONEY."

2. UPON RETURN, FEDERATION OF DANISH INDUSTRIES REP TOLD THE PRESS: "EXPORT POSSIBILITIES, ESPECIALLY IN THE AREAS OF DANISH AGRICULTURAL MACHINERY AND DAIRY EQUIPMENT AND FOOD PROCESSING MACHINERY, APPEAR VERY ATTRACTIVE. WHILE THE IRANIANS RECOGNIZE THAT THEY MUST INCREASE IMPORTS, THEY WILL GIVE FIRST PRIORITY TO JOINT VENTURES IN THE SETTING UP OF INDUSTRIES WHICH CAN BE OF BENEFIT TO IRAN. MONEY IS THERE, AND ON VERY ATTRACTIVE TERMS. THE IRANIAN GOVERNMENT MAY PROVIDE LOANS TO JOINT VENTURES IF THEY ARE REALLY SIGNIFICANT FOR IRAN."

3. IN DISCUSSION WITH ECONOFF, HARHOFF FELT MISSION SUCCESSFULLY UNCOVERED PROMISING POSSIBILITIES FOR EXPANSION OF DANISH COMMERCIAL RELATIONS WITH IRAN. HIS MISSION FOUND CONSIDERABLE INTEREST IN JOINT VENTURES IN INDUSTRIES LIMITED OFFICIAL USE

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WHERE DANES HAVE SPECIAL KNOW-HOW. WHILE RECOGNIZING THAT THE REALLY BIG DEALS WOULD GO ONLY TO LARGER INDUSTRIALIZED COUNTRIES, HE FELT THERE WAS PLENTY OF ROOM FOR SMALLER COUNTRIES TO PARTICIPATE IN IRAN'S BOOMING DEVELOPMENT. FACT DENMARK IS A MONARCHY IS ALSO EXPECTED TO HELP.

4. HARHOFF SAID THAT DENMARK, ALONG WITH USSR AND FRG, WILL BE AMONG THE THREE LARGEST EXHIBITORS AT TEHRAN'S INTERNATIONAL FAIR IN MID-SEPTEMBER, INDICATIVE OF ITS STRONG INTEREST IN EXPLOITING IRAN'S MARKET. DENMARK WILL SEND PRINCE HENDRIK (HUSBAND OF THE QUEEN) AND ECONOMICS AND COMMERCE MINISTER, NYBOE ANDERSEN, FOR THE FAIR'S OPENING.

5. IN MEETING WITH IRAN'S FINANCE MINISTER, HARHOFF SAID HE GOT A TENTATIVE PROMISE OF A LOAN TO DENMARK TO ASSIST COVERING BALANCE OF PAYMENTS DEFICIT. AMOUNT WAS NOT SPECIFICALLY DISCUSSED BUT HARHOFF SAID DENMARK WAS THINKING IN TERMS OF DOLS 200-300 MILLION. ARRANGEMENTS ARE BEING MADE FOR DANISH FINANCIAL OFFICIALS TO VISIT TEHRAN TO NEGOTIATE LOAN.

6. GOI ALSO CONCURRED IN DRAWING UP A TECHNICAL, INDUSTRIAL AND SCIENTIFIC COOPERATION AGREEMENT ALONG THE LINES OF THE ONE SIGNED WITH EGYPT IN JULY (REFTEL). DANES HOPE FOR SIGNING DURING THE SEPTEMBER VISIT. HARHOFF THOUGHT THE MOST USEFUL PROVISION OF THE AGREEMENT WOULD BE ESTABLISHMENT OF A BINATIONAL COMMITTEE TO COORDINATE COOPERATION ARRANGEMENTS.

7. HARHOFF SAID ENERGY MATTERS WERE ALSO DISCUSSED DURING THE VISIT, BUT ONLY IN GENERAL TERMS. IRANIANS INDICATED UNDERSTANDING OF ECG BUT WERE FIRMLY OPPOSED TO PRICE REDUCTIONS ON OIL. ACCORDING TO HARHOFF, DANES TOLD IRANIANS LIMITED OFFICIAL USE

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THAT THE DANISH GOVERNMENT HAS NO PRESENT INTENTION OF GOING INTO OIL BUSINESS SINCE IT CONTINUES SATISFIED WITH SERVICE BY INTERNATIONAL MAJORS. THEY DID, HOWEVER, INVITE IRANIANS TO PARTICIPATE IN GREENLAND OFFSHORE OIL EXPLORATION. WHILE NOT EXPRESSING GREAT INTEREST, IRANIANS AGREED TO CONSIDER SENDING MISSION TO LOOK INTO POSSIBILITIES.

8. EMBASSY COMMENT. ON A MORE MODEST SCALE THAN OTHER INDUSTRIALIZED COUNTRIES, DANES HAVE BEEN EXPLORING WAYS OF INCREASING COMMERCIAL RELATIONS WITH MIDDLE EAST COUNTRIES. PREVIOUS VISITS TO SAUDI ARABIA AND EGYPT BY THE FOREIGN MINISTER WERE STEPS IN THIS DIRECTION BUT

DANES REGARD IRAN AS PROMISING GREATEST COMMER-
CIAL REWARDS IN NEAR TERM. THEY ARE ALSO PLEASED
WITH PROSPECTS OF AN IRANIAN LOAN BECAUSE OF
THE ANTICIPATED RECORD BALANCE OF PAYMENTS DE-
FICIT THIS YEAR AND BECAUSE THEY HAVE BECOME
INCREASINGLY CONCERNED OVER POSSIBILITIES OF
OBTAINING NECESSARY FINANCING ON THE EURODOLLAR
MARKET.
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